

# HOUSE BILL 1113

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EMERGENCY BILL

0lr1263

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By: **Delegates Stocksdale, Aumann, Howard, Impallaria, Minnick, Proctor, Shewell, Stein, Vallario, Weir, and Wood**  
Introduced and read first time: February 17, 2010  
Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Retirement Allowance Adjustments**

3 FOR the purpose of altering the method used to calculate certain annual retirement  
4 allowance adjustments under certain circumstances; making this Act an  
5 emergency measure; and generally relating to retirement allowance  
6 adjustments for retirees and beneficiaries of retirees of the State Retirement  
7 and Pension System.

8 BY repealing and reenacting, with amendments,  
9 Article – State Personnel and Pensions  
10 Section 29–406, 29–418, and 29–427  
11 Annotated Code of Maryland  
12 (2009 Replacement Volume and 2009 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article – State Personnel and Pensions  
15 Section 29–407  
16 Annotated Code of Maryland  
17 (2009 Replacement Volume and 2009 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – State Personnel and Pensions**

21 29–406.

22 (a) (1) [Subject] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
23 **SUBSECTION AND SUBJECT** to subsection (c) of this section, the cost-of-living

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1 adjustment made under this Part II equals the initial allowance multiplied by a  
2 fraction that has:

3           **[(1)] (I)** as its numerator, the amount obtained by subtracting the  
4 Consumer Price Index for the calendar year ending December 31 of the preceding  
5 fiscal year from the base year Consumer Price Index described in subsection (b) of this  
6 section; and

7           **[(2)] (II)** as its denominator, the base year Consumer Price Index  
8 described in subsection (b) of this section.

9           **(2) IF THE FRACTION UNDER PARAGRAPH (1) OF THIS**  
10 **SUBSECTION IS DETERMINED TO BE A NEGATIVE FRACTION, THE ANNUAL**  
11 **COST-OF-LIVING ADJUSTMENT CALCULATED UNDER PARAGRAPH (1) OF THIS**  
12 **SUBSECTION SHALL EQUAL \$0.00.**

13           (b) The base year Consumer Price Index referred to in subsection (a) of this  
14 section equals the later of:

15           (1) the Consumer Price Index for the calendar year ending December  
16 31 of the fiscal year that preceded the last adjustment; or

17           (2) (i) for a retiree, the Consumer Price Index for the calendar year  
18 ending December 31 of the fiscal year in which the retiree was last employed as a  
19 member; or

20           (ii) for a former member who elected a vested allowance in  
21 accordance with § 29-303 of this title, the Consumer Price Index for the calendar year  
22 ending December 31 of the fiscal year in which the former member became 62 years  
23 old.

24           (c) The cost-of-living adjustment under this section may not exceed 3% of  
25 the initial allowance.

26 29-407.

27           The total allowance payable in any fiscal year shall be the sum of:

28           (1) the initial allowance;

29           (2) all prior cost-of-living adjustments;

30           (3) the cost-of-living adjustment provided for under § 29-406 of this  
31 subtitle; and

32           (4) any additional annuity.

1 29-418.

2 (a) (1) [Each] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
3 SUBSECTION, EACH fiscal year, the Board of Trustees shall adjust an allowance by  
4 multiplying the allowance for the preceding fiscal year, exclusive of any additional  
5 voluntary annuity, by a rate not exceeding 5%, that is obtained by dividing the  
6 Consumer Price Index for the calendar year ending December 31, in the preceding  
7 fiscal year by the Consumer Price Index for the calendar year ending December 31 in  
8 the second preceding fiscal year.

9 (2) IF THE CONSUMER PRICE INDEX FOR THE CALENDAR YEAR  
10 ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR DIVIDED BY THE  
11 CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING DECEMBER 31 IN  
12 THE SECOND PRECEDING FISCAL YEAR IS LESS THAN ONE, THE ANNUAL  
13 ADJUSTMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL EQUAL  
14 \$0.00.

15 (b) The adjustment under subsection (a) of this section shall begin the second  
16 July 1 after the day preceding the retiree's date of retirement or the former member's  
17 effective date for receipt of a vested allowance.

18 (c) The total allowance payable in each fiscal year shall be the sum of:

- 19 (1) the annual rate of allowance paid during the preceding fiscal year;  
20 (2) the adjustment in allowance provided for under this section; and  
21 (3) any additional annuity.

22 29-427.

23 (a) (1) [Each] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
24 SUBSECTION, EACH fiscal year, the Board of Trustees shall adjust an allowance by  
25 multiplying the allowance for the preceding fiscal year, exclusive of any additional  
26 voluntary annuity, by a rate not exceeding 3%, that is obtained by dividing the  
27 Consumer Price Index for the calendar year ending December 31 in the preceding  
28 fiscal year by the Consumer Price Index for the calendar year ending December 31 in  
29 the second preceding fiscal year.

30 (2) IF THE CONSUMER PRICE INDEX FOR THE CALENDAR YEAR  
31 ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR DIVIDED BY THE  
32 CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING DECEMBER 31 IN  
33 THE SECOND PRECEDING FISCAL YEAR IS LESS THAN ONE, THE ANNUAL  
34 ADJUSTMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL EQUAL  
35 \$0.00.

1           (b)    The adjustment under subsection (a) of this section shall begin the second  
2 July 1 after the day preceding the retiree's date of retirement or the former member's  
3 effective date for receipt of a vested allowance.

4           (c)    The total allowance payable in each fiscal year shall be the sum of:

5                   (1)    the annual rate of allowance paid during the preceding fiscal year;

6                   (2)    the adjustment in allowance provided for under this section; and

7                   (3)    any additional annuity.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency  
9 measure, is necessary for the immediate preservation of the public health or safety,  
10 has been passed by a ye and nay vote supported by three-fifths of all the members  
11 elected to each of the two Houses of the General Assembly, and shall take effect from  
12 the date it is enacted.